

- Secured credit cards to rebuild credit▶
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## Thinking about a Secured Credit Card?

If you're trying to rebuild or establish credit, a secured credit card may be a beneficial tool to take advantage of. A secured credit card is offered by a bank or credit union and can work like a traditional credit card. Secured credit cards are backed by money in a savings account, ensuring the card holder does not go over the limit or become delinquent with payments. If you don't make the payment, the card issuer takes the money in the savings account.

Before signing on for a secured credit card, there are important questions to consider. Since an annual fee is charged with most secured cards, it's important to know how much the fee is. Find out the late payment fees and the annual percentage rate (APR). It's also important to make sure the bank or credit union reports the payments made on the card to the three credit bureaus.

Using the card at least once a month and then paying off the bill will help you rebuild or establish credit. Making payments on time has the most influence on your credit score, which is why you want to make sure your payment activity is being reported to the credit bureaus. On time payments on the card will help improve your credit score.

In most cases, after 12-18 months the bank or credit union will transition you to an unsecured credit card.



**Q:** I'm looking to save some additional money in my monthly budget and want to cut back on my grocery costs. Do you have any suggestions?

**A:** Reducing your grocery costs is a good place to start when trying to cut expenses. There are several ways you can cut costs at the grocery store.

First, consider where you are shopping. Check out discount grocery stores or local markets. Discount grocery stores can save you significant money on most items. However, most items sold are not name brands. In some cases, dependent upon store policy, some stores offer double your money back if you try one of their brands and don't like it.

Also, consider a different tactic while grocery shopping: buying store brands only. In most cases, store brands are processed at the same plants as traditional name brands, but at a much reduced cost.

Another way to save money grocery shopping is by planning out meals for the week and shopping with a list.

If you make these changes and still are not satisfied with your monthly savings, consider a budget counseling session or accessing one of the Agency's online products. A certified counselor will review your monthly budget and may be able to identify other areas for you to save.

## Did you know?

*Having some savings set aside for emergency expenses can help increase financial stability. Here are some tips for bulking up your emergency savings fund:*

- **Track your expenses** - You'll identify miscellaneous spending and will most likely find ways to cut back and put the extra money towards your savings.
- **Save it before you see it** - If possible, have some savings set aside from your paycheck before it ends up in your checking account.
- **Spare change adds up** - Start saving your change. Make it a routine to clean out your purse or pockets each night and stash the change in a large container. Once it's filled, check to see if your bank has a change machine you can use for free. If not, get rolling...change machines in the grocery store may take a healthy percentage of your profit.
- **Use the Agency's goal tracker** - Go to [www.onlinebudgetadvisor.com](http://www.onlinebudgetadvisor.com) and check out the Agency's goal tracking system. Identify what you are saving for and make a commitment as to how much you plan on saving and how often.

# Disputing Credit Report Errors

When was the last time you checked your credit report to make sure everything on it was correct? Incorrect information on your credit report can be costly to you and affect your ability to secure credit.

Recently, an Oregon jury awarded a woman more than \$18 million after she tried eight times to have information on her credit report corrected. Consumers are entitled to dispute credit report errors under the Fair Credit Reporting Act and credit bureaus are required to investigate the errors and correct them if the information proves to be inaccurate.

What happened in the Oregon woman's case was her good credit file was merged with someone's poor credit file. After having the information corrected on two of her three credit reports, she found her requests falling on deaf ears at the last bureau. After trying repeatedly to correct the information, the woman sued to have the information removed from her file.

While most consumers won't have to resort to lawsuits to have information on a credit report corrected, it is important to go through the process and have inaccurate information removed. A credit report is used as a barometer of your financial stability. It determines if you qualify for a credit card, loan or mortgage and it also determines the interest rate at which these products are offered to you.

In order to find out if the information on your credit report is correct, you have to check your credit report. Consumers are entitled to one free credit report from each of the three credit bureaus annually. The only place to obtain your free credit report is [www.annualcreditreport.com](http://www.annualcreditreport.com). Other websites that advertise free credit reports and credit scores typically attempt to enroll you in a credit monitoring service, which is not free. Obtain one or all three of your credit reports and carefully review it to ensure the information is correct.

Don't be surprised if you do find a mistake. The Consumer Financial Protection Bureau (CFPB), a federal agency, recently conducted a study that found one in four credit reports contained a mistake. The Federal Trade Commission recommends

taking the following actions in order to correct errors and remove inaccurate information from your credit report.

First, contact the credit bureau in writing and explain what information is incorrect. Your letter should contain your complete name and address and each item you are disputing. You should explain why the information is incorrect and request to have it removed or corrected. In addition include a copy of your credit report and circle or highlight the information that is not accurate.

You also should include copies of documents to prove your case. For example, if you are disputing a collection account that you paid off, include a copy of your canceled check or letter from the collection company stating the debt has been paid. Make sure you send copies only of your documentation and maintain the originals for your file.

It's also a good idea to send your letter to the credit bureau via certified mail with a return receipt requested. Keep the receipt to track when the credit bureau receives your letter and information.

The credit bureau should respond to your request within 30 days. All information you provide must be sent from the bureau to the organization that is reporting the allegedly inaccurate information. Once the organization receives notice that you are disputing the information, it must investigate the claim and notify the credit bureau of the results. If they find the information to be incorrect, they must notify all three credit bureaus so it is accurately reported on all three reports.

Once the investigation is complete, the credit bureau should notify you of the results. If there's a change, then a new report with the disputed information removed should be included. If you request it, a corrected copy of your credit report should be sent to anyone who received it in the past six months or to anyone who requested it for employment purposes in the last two years.

It seems like many steps, but the results could save thousands in interest or help land a new job, making it a worthwhile effort.

## Resources

[www.onlinebudgetadvisor.com](http://www.onlinebudgetadvisor.com)

[www.annualcreditreport.com](http://www.annualcreditreport.com)

[www.ftc.gov](http://www.ftc.gov)

[www.consumerfinance.gov](http://www.consumerfinance.gov)

[www.bankrate.com/credit-cards.aspx](http://www.bankrate.com/credit-cards.aspx) - compare secured credit cards

### The Advantage Challenge

*Advantage CCS challenges you to...start thinking about holiday shopping. What is your plan for your shopping? Do you have any savings set aside? If not, what can you save in the next few months? Is there anything you can pick up now? If you tracked holiday expenses last year, get your information and start determining what similar expenses you'll have again. Have any good tips for holiday shopping? Share them with us by emailing [hmurray@advantageccs.org](mailto:hmurray@advantageccs.org).*

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